

# Letters to The Times

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## Trading With Russia

### Question of Establishing Mutually Beneficial Relations Examined

*The writer of the following letter, a Professor of Law at Harvard, is the author of several books on Soviet law. In 1958 he served as General Rapporteur of a UNESCO conference on trade between planned and free economies held in Rome.*

TO THE EDITOR OF THE NEW YORK TIMES:

The current visit of Soviet First Deputy Premier Mikoyan to the United States may prove useful in stimulating an intelligent public discussion of the problems of trade relations between the United States and the Soviet Union.

One of the chief obstacles to the solution of these problems is our inability to think in terms of mutual advantage—our propensity to assume that anything which helps the Russians hurts us. Another obstacle is the unwonted timidity of American business men in matters of East-West trade, their refusal to speak or move until Washington has spoken or moved, combined with Washington's hesitancy to say or do anything in this field which might be criticized.

Last June Premier Khrushchev made a proposal to President Eisenhower that the Governments of the two countries enter into a trade agreement authorizing reciprocal deliveries of particular goods over a particular period. The proposal specifically stated that it was directed not to trade in armaments or plant equipment for military production but to industrial equipment for production of consumer goods, types of which were listed in some detail. It indicated that while ultimately American long-term credits might be desired, expansion of Soviet-American trade would be possible without such credits.

Khrushchev also listed a large number of products which the Soviet Union would be prepared to deliver to the United States.

#### Bid for Pact Rejected

The President's reply stated that "the United States favors the expansion of peaceful trade with the Soviet Union." The President rejected, however, the bid for an intergovernmental agreement. He suggested that the Soviet Union is free to approach private firms with offers. This reply underestimates the difficulties which the Soviet Un-

ion faces in establishing commercial relations with American business men because of our complex system of export and import controls. It also offers no solution to the problems which American business men face because of Soviet restrictive practices.

Our Government controls exports to Communist countries by a licensing system under which there is a so-called "positive list" of goods considered strategic, which in general cannot be exported to the Soviet Union, and a list of "peaceful" goods, which can be exported freely to the Soviet Union and which, in general it does not want.

Most of the products which Khrushchev has expressed an interest in purchasing are on neither list. They can be exported only if the American exporter is granted a so-called validated-license. There can never be assurance that such a license will be granted or that once granted it will not be revoked.

Our imports from the Soviet Union are subject to the 1930 tariff rate. Although some products are subject to no duty, Soviet manganese, for example, is dutiable at one cent per pound, whereas manganese from non-Communist countries is taxed only one-fourth cent per pound. There are numerous other import restrictions which are not aimed explicitly at the Soviet Union but which can easily be applied to Soviet products.

#### Unrealistic Controls

In terms of "expansion of peaceful trade" our controls make sense only in so far as they prevent the export of strategic goods. Even in that respect, however, they are not entirely realistic. Aluminum, for example, is on the "positive list," but recently the Soviet Union has been exporting aluminum so eagerly as to have incurred the charge of dumping. Benzene cannot be exported to the Soviet Union without a validated license, but two months ago the Russians contracted to sell Dow Chemical Company benzene to the value of about \$13 million.

By a trade agreement with the Soviet Union of the kind which Khrushchev has proposed our Government could insure the continued restriction of exports of strategic goods and at the same time bargain for trade exchanges which would promote our national interests.

Of course our Government should not itself go into the business of foreign trade. It can, however, appropriately agree with the Soviet

Government in return for reciprocal Soviet commitments to grant export licenses to our private traders for certain goods over a certain period of time. Virtually all our trading partners in Western Europe have such agreements with the Communist countries.

In negotiating such an agreement the United States could also exert pressure on the Soviet Union to relax many of its restrictions upon normal commercial relations with American business men. We have complained for many years about these restrictions. A trade agreement would provide an opportunity to insist that some of them at least be removed.

It is naïve to assume that every Russian overture is "mere propaganda." Especially now, when our bargaining position is fairly strong, our Government should negotiate with the Russians for the establishment of mutually advantageous trade relations.

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Cambridge, Mass., Jan. 7, 1959